

child care tax credit that they would have you focus on is really only temporary, and by the year 2006 they will actually be losing money on the child care tax credit.

So what we see in conclusion is a very flawed tax proposal tilted very much to the wealthy. They give us a solution to the American economy that says if you cut taxes on the wealthy, you will improve the economy by creating jobs. It did not work in 2001. It did not work in 2002. It is as Yogi Berra said, *deja vu* all over again.

I think we ought to reject this approach to tax policy and adopt a progressive Democratic approach that really works for middle class and working Americans.

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Texas (Ms. JACKSON-LEE) is recognized for 5 minutes.

(Ms. JACKSON-LEE of Texas addressed the House. Her remarks will appear hereafter in the Extensions of Remarks.)

#### THOMAS TAX PLAN BAD FOR AMERICA

The SPEAKER pro tempore. Under the Speaker's announced policy of January 7, 2003, the gentleman from New Jersey (Mr. PALLONE) is recognized for 60 minutes as the designee of the minority leader.

Mr. PALLONE. Madam Speaker, I did not think it was possible but the chairman of the Committee on Ways and Means, the gentleman from California (Mr. THOMAS) came up with a worse tax plan than the one President Bush proposed earlier this year. And, of course, we all know that that tax proposal was marked up. It was considered this afternoon in the Committee on Ways and Means. And I want to say that neither the President's plan nor the House Republican plan that was marked up by the Committee on Ways and Means today will jump-start the economy, which is our major concern.

We have now been through several months, even several years of an economic downturn and something has to be done to jump-start the economy, but nothing that the Republicans in the House nor the President have proposed will accomplish that.

Madam Speaker, since the President took office, more than 2.7 million private sector jobs have been lost, the worst record in 40 years. Any tax cuts passed by Congress should be fair, fast acting and fiscally responsible; but the Republicans plan fails all three of those tests. The Republican plan does not create jobs. It irresponsibly piles up debt, risks Social Security to make room for tax cuts for the wealthy, and continues the failed economic policies responsible for the current economic downturn.

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Madam Speaker, the Republican tax plan, in my opinion, is simply unfair.

The wealthiest Americans will fare better under the Republican tax plan in the President's plan, while middle-class Americans, Americans with annual incomes between \$30,000 and \$100,000, will actually receive less under the Republican plan than they would have under the President's plan, which also was not good.

According to a report released this week on the Center on Budget and Policy Priorities, households with incomes of more than \$1 million per year would receive an average tax cut this year of \$105,600 under the House Republican plan, and that is \$15,000 more than they would have received under the President's proposal. Contrast those benefits with the middle fifth of households that would receive an average tax cut of \$218 under the Thomas plan, slightly less than under the Bush plan.

Let me reiterate, a millionaire under the Republican plan would see a tax benefit of more than \$105,000; but an average American making between \$40,000 and \$50,000 would receive a cut of only \$456.

I just do not understand what my Republican colleagues and what the House Republican leadership have in mind with this rush once again to pass another tax cut that will primarily benefit wealthy Americans and corporate interests and really do nothing to turn the economy around. We frankly cannot take another 6 months or another year of this economic downturn; and to suggest that somehow we are going to do something like this that helps a few people who happen to be wealthy, as opposed to helping the general populace or doing something to create jobs, makes absolutely no sense to me.

We understand that coming out of the Committee on Ways and Means today this is likely to be on the floor sometime the end of this week. We probably would vote for it on this Friday, and I would hope that there would be an opportunity to bring up Democratic alternatives and to bring up amendments under an open rule so we have an opportunity to make some changes in what the Republican leadership has proposed. I doubt it, but I think we have to continue to agitate and say that other options must be considered.

Again, as I said, Madam Speaker, at a time when we should be doing everything possible to jump-start the economy, the Republican solution centers around tax cuts on dividends, stock dividends and capital gains, two cuts that are, again, a target towards the wealthiest Americans and according to economists will not create new jobs. If my colleagues think about it, if we think about eliminating the tax on stock dividends, what does that accomplish? What makes anyone on the Republican side think that by eliminating a tax on stock dividends that the money saved by the people who would benefit from that would necessarily be reinvested in the economy, in the cre-

ation of new jobs, in the creation of a new means of production? We have no guarantee of that, and there is nothing in our economic policy that suggests that those kinds of tax cuts or elimination of stock dividends or capital gains are actually going to force or create a situation where money is reinvested in the economy, that is, creates more jobs.

My colleagues do not have to take my word for it. There are about 400 economists earlier this year who put out a statement that basically said that "the tax cut plan proposed by President Bush is not the answer to the problem." They concluded that "the permanent dividend tax cut, in particular, is not credible as a short-term stimulus."

We need things that are going to create jobs immediately, money pumped into infrastructure, into economic development projects, not money that is just going to go to pay for people who have invested in the stock market and somehow that that is going to be turned around. There is no guarantee this is going to create jobs in the short term.

Madam Speaker, like the Bush economic blueprint, the House GOP plan is also fiscally irresponsible because of the debt that it would create, saddling our children with debt and hurting long-term economic growth. This is such a reversal of fortunes from what we witnessed before the President took office under the Clinton administration. The economy was growing; we had a surplus rather than a deficit. Now, under the Bush economic plan, the deficits keep mounting.

When the Bush administration came into office, there was a projected \$5.6 trillion 10-year surplus. With this latest tax package that we will probably vote on this Friday, coupled with the huge tax cut in 2001, Republicans will produce a record \$1.4 trillion deficit over the next 10 years. That is a \$7 trillion reversal in our country's fortunes from where we were 2 years ago in the last few months of the Clinton administration.

What I really do not understand is how the Republican leadership in the House is no longer concerned about deficits. Madam Speaker, I remember a time when I was first elected here, which is about 15 years ago now, when I would come down on the House floor to do a Special Order, and there were a group of Republican Congressmen who used to bring a huge clock. It was about the length of the entire desk here where the House Clerks are sitting behind me; and it was so heavy and long they used to have the pages to come down and carry the digital clock. It recorded the level and the increase in the deficit on a daily basis or a weekly basis and the Republicans would harangue about the problem that the Nation faced because of increasing deficits. Where is that concern? It does not seem to exist anymore on the GOP side.

Back in 1995, the current majority leader, the gentleman from Texas (Mr. DELAY), voiced concern that President Clinton's economic policies would lead to record deficits; and he said, "By the year 2002, we can have a Federal Government with a balanced budget or we can continue down the present path towards fiscal catastrophe." Well, the gentleman was correct about a fiscal catastrophe, but he was wrong about the culprit. He has nobody but himself and President Bush to blame for the fiscal crisis our Federal Government now faces, and they are trying to make it worse with this latest round of tax cuts.

Today, based on the tax proposal this House will debate, as I said, this Friday, it is clear that House Republicans have changed their tune. No longer are skyrocketing deficits a priority. This, despite the fact that Federal Reserve Chairman Alan Greenspan last week agreed that huge deficits will threaten economic growth. He stated before a committee in the Congress, "If, through tax cuts, you get significant increases in deficits which induce a rise in long-term interest rates, you will be significantly undercutting the benefits that would be achieved from the tax cuts." That is Alan Greenspan whom the President says that he is going to reappoint, basically saying that the President and the Republican economic policies are essentially going to continue the economic downturn over several years, not just now but down the road.

So how can they talk about how these tax cuts will have a long-term benefit to the economy? They will not. They will only make the economy worse.

Finally, Madam Speaker, the Republican tax plan is full of what I call gimmicks designed to hide the true cost to taxpayers. In fact, the only proposals within the Republican plan that are beneficial to America's middle class, the marriage penalty relief and the child tax credit, which the previous speaker, the gentleman from Maryland (Mr. WYNN), mentioned, both of these would expire after 2005. So, of course, nobody thinks that would actually happen. Instead, the Republicans would come back and extend the benefits which then would raise the total cost of the package to at least \$760 billion through 2013 over the next 10 years. Again, The Washington Post editorial page called these gimmicks tax-cut trickery this morning.

So the Republican leadership is not even being honest about what they are doing here. They are suggesting that they are going to put these important proposals, the marriage penalty relief and the child tax credit, into play. They do not even talk about the economic costs of them over the 10-year period that we are discussing.

I want to say, and I have to say because I think it is always important that the party in opposition put forward proposals that are different if we

do not like what the majority is proposing, the Democrats have proposed a true economic stimulus plan that meets the test of being fair, fast acting, and fiscally responsible. Our plan would create one million jobs this year, provide an extension of unemployment benefits to millions of Americans still looking for jobs, provide tax relief to small businesses to invest in new equipment this year, and provide assistance to cash-strapped States and municipalities.

Let me explain that. As we all know, in my home State of New Jersey as an example, States have to balance their budgets. They cannot go into debt the way the Federal Government does; and so State after State and Governor after Governor, both Democrats and Republicans, across the country over the last few years, because of the economic downturn, have had to make major cuts in their expenditures because they cannot go into debt. What is the consequence of that? Less and less money is being spent by State and local governments in real terms, and so what that means is that there is not the money out there to generate the jobs and the economic opportunities.

Rather than giving the wealthy a big tax cut, what the Federal Government should do is take some of that money and give it back to the States so that they are not withdrawing funding and programs and infrastructure needs from the economy that cause the economy to contract. That is what the Democrats would like to do, take some money from the Federal Government, give it back to the States so that they do not have to cut their budgets the way that many of them have had to do, which has a negative impact on the economy.

Of course, our Republican colleagues do not want to do that. They just want to cut taxes; and again, that problem really goes to wealthy individuals and corporate interests. Not only are the Republicans attempting to trick the American people with their tax proposal, but unfortunately, President Bush is also misleading Americans all over this country as to why we may once again face budget deficits as far as the eye can see.

I talked about the budget deficits. They are primarily caused by Republican economic policies, i.e., the tax cuts; but again, Mr. Bush says the opposite. The President says the opposite. This morning's Washington Post editorial says, "And then there's Mr. Bush, peddling a woefully incomplete account of how the deficit got so large and dangerously misstating the impact of his tax cut on future deficits."

According to The Washington Post editorial again, "In Arkansas yesterday, for example, Mr. Bush attributed the deficit to the recession and to his decision to send troops into combat. Both have indeed helped turn projected surpluses into deficits. But so has something Mr. Bush's account omits," and that is his first \$1.35 trillion dollar, that is trillion dollar, tax cut.

The Post editorial continues, and says, "Budget Director Mitchell E. Daniels, Jr. Acknowledged to the House Budget Committee in February that next year's deficit would be more than one-third smaller were it not for the tax cut. So the President is simply misleading Americans when he says we have a budget deficit either because of the war or because of a recession. The fact of the matter is the tax cuts he enacted into law in 2001 are the main reason for the deficits we now face. And, unfortunately, those deficits will get even larger if we enact either the President's plan or the House Republican plan."

Madam Speaker, over the last 2 weeks, the President has toured the country trying to sell his tax cuts, even as congressional Republicans disagree among themselves about the proposal, delaying action to fix an economy that is badly broke. As the President has tried to convince the country of the merits of his proposal, it is clear that his rhetoric bears little resemblance to the facts.

Let me give my colleagues a couple of the best example of the President's rhetoric as opposed to the reality of the situation. In Canton, Ohio, on April 24, President Bush claimed that "ending the double-taxation of dividends, according to many economists, will help the stock market. If getting rid of the double taxation of dividends increases the markets, it will be good for millions of investors all across America. It will be good for our economy. And it will reduce the cost of capital, which means jobs." That was the President's statement.

Based on those statements by the President, a likely listener in Canton, Ohio, understandably would have believed the tax cuts on dividends would lead to jobs; but, again, the President's claim, in my opinion, is simply false. In fact, economists have rated this proposal the one with the least bang for the buck in jump-starting the economy of all the different proposals that have come forward in the Congress.

For example, Song Won Sohn, chief economist with the Wells Fargo Company said, "A dividend tax change is not the best tool to stimulate the economy. Joe Sixpack does not have much in the way of dividends."

Similarly, according to Jonathan Rauch of the Brookings Institute, "Few economists believe that the gains from efficiency would offset more than a small portion of the increases in deficits."

The President continues to talk about stock dividends as the way to solve the economic problem. There is no economist who will tell us that.

During this same Canton, Ohio, speech, the President blasted away at those of us who have rightly called his tax proposal a tax cut for the wealthy.

Madam Speaker, I have said it many times tonight, and I will continue to say that that is what it is; but the President told the crowd in Canton,

"So when you hear politicians say it's a tax cut for the rich, they're talking about you. Tax relief is good for the average citizen." Well, the President says that, and it is nice rhetoric; but it is not the facts.

Under the Bush plan, 25 percent of families with children would get no tax cut at all and half of all Americans would get less than \$100. Half of all Americans, Madam Speaker, would get less than \$100. In contrast, as I said earlier, under the President's plan, someone making \$1 million a year would get a tax cut of \$90,222.

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Overall, just 17 percent of the Bush tax cut goes to families with income under \$75,000. If we want to talk about fuzzy math, how can the President say all Americans are going to benefit when only 17 percent of the tax cuts go to the overwhelming majority of Americans who make under \$75,000 a year. This is not something that is going to help the little guy, it just helps the wealthy; and primarily it helps the very wealthy, the millionaires and even billionaires.

Madam Speaker, as the President continues to travel around the country in an attempt to rally support for a failed tax proposal, critical education, health care and homeland security programs are being ignored by this administration and the Republican Congress.

The point I want to make tonight is that not only are these tax proposals not going to help the economy, but at the same time critical programs, education, health care, homeland security, the very things that President Bush has talked about, are being ignored and neglected by this administration.

Let me talk about that. Both the President and the House Republican tax plans crowd out investments important to long term economic growth, like education, training, research and transportation.

Let me talk about the education initiative. When President Bush signed the bipartisan No Child Left Behind Act in 2002, and I commend the President for it, it was a great piece of legislation that we passed on a bipartisan basis. But the President promised to write a healthy check for education. We cannot just pass a bill like that and not provide the funding that is going to provide for the education programs mentioned in the bill. So he said he was going to write a healthy check for education and it was nice words, but 1 year later when the President had an opportunity to support historic education reform with funding in his 2004 budget, he widened what I call his credibility gap by providing \$9.7 billion less than what was promised in the No Child Left Behind Act.

I am hearing from educators and teachers that are telling me that they are not getting the funding promised under the No Child Left Behind Act. The President signs this legislation, he says he will leave no child behind, but

he does not back it up with the appropriate funding. It is a credibility gap, essentially.

The simple fact is that the President cannot provide the critical education funds because of his huge tax cut for the wealthy. It is not that he does not want to do it, it is because he has this huge tax cut and once that is put in place, there is no money to fund the No Child Left Behind initiative. The simple fact is that the tax cut precludes that.

Now we see thousands of teachers being given pink slips in California, class sizes increasing all over the country, and one of the Teachers of the Year in South Carolina was being laid off because the State was forced to make cuts in education. If we really want to make something or do something that is going to be meaningful in terms of education reform, we have to fully fund No Child Left Behind so it can become a reality; but that is not possible if the Republicans are successful on Friday and in the next few weeks in passing their tax bill and sending it off and the President signs it.

Madam Speaker, let me also talk about another need that the President talked about in his State of the Union Address in January, and that is health care. The President and the Republicans will also find it difficult to address the health care needs of seniors and low-income Americans if they are successful in passing their tax proposal.

President Bush's rhetoric was in high gear earlier this year when he stated in his State of the Union Address that "Medicare is the binding commitment of a caring society." Unfortunately, in my opinion, Madam Speaker, that bond would break if the President's intentions of turning Medicare into a voucher program became reality. Again, I do not know whether or not he is ideologically driven in saying he wants to make Medicare into a voucher program.

The bottom line is because of deep tax cuts he may not have a choice because there is not the money to fund the Medicare program in the traditional way. That is why I believe the President is seeking a voucher-type system for Medicare because he will not be able to afford to continue to fund Medicare in the traditional way with these tax cuts.

The President has a so-called modernization proposal for Medicare that would limit the government's responsibility and shift costs to seniors under this voucher plan, ending the Medicare program seniors have depended on for 25 years. I know he is going to say it is not ending Medicare, it is a different type of Medicare. It is more of a privatization. If it is not the type of Medicare that seniors have traditionally relied upon where they have guaranteed benefits, then it is not really Medicare any more.

Furthermore, President Bush's prescription drug proposal goes so far as

to essentially force seniors into HMOs if they want to receive prescription drug coverage. There again it is a form of privatization. He is saying if you want to get prescription drugs as part of your Medicare program, you have to purchase private insurance, move to some type of system where you are provided prescription drugs, but you have to go under an HMO.

Again, not traditional Medicare. If seniors have to be forced into an HMO in order to get prescription drug coverage, then I think the promise of Medicare that they would be able to choose their own doctor, be able to choose their own hospital, goes unfulfilled. Again, these are all cost-cutting measures that become necessary because the money is not there as a result of tax cuts.

Madam Speaker, I do not think when it comes to Medicare there is really any credibility any more on the part of the President when he continues to advocate these kinds of changes. He is essentially dismantling the Medicare program the way we know it by giving the impressions to seniors that he is somehow strengthening it.

The other thing that these tax cuts will have a devastating impact on is Medicaid which unlike Medicare which is mostly for seniors, Medicaid is the health care program for low-income Americans. I think the huge tax cuts will make it almost impossible for Republicans to address the health care needs of seniors under Medicaid and low-income people in general under Medicaid.

Earlier this year the President proposed a plan to shift responsibility of the Medicaid program to the States in the form of block grants. Again, this is a recipe for disaster considering most States now face severe fiscal problems. The President would cap the amount of Federal funding States receive from Medicaid, requiring States to either spend more out of their own budgets or face the difficult decision of dropping beneficiaries or cutting social services. So what we are going to see is fewer and fewer people becoming eligible for Medicaid and the needs of low income individuals not being met.

Madam Speaker, the Federal Government I do not think can ignore its responsibility to these 44 million low income children, adults and elderly Americans who depend on Medicaid services. The President and Republicans would not have to propose again these changes in Medicaid, this block granting and ultimately reduction in funds to the States if they scrapped their current tax proposal that primarily benefits the wealthiest Americans. Maybe in the case of Medicaid it is the worst juxtaposition because it is giving tax cuts to primarily wealthy people and taking away health care in many cases for the most needy under Medicaid.

Madam Speaker, at a time when our economy needs a true jolt to reverse American's fears of losing their jobs,

the Republican leadership once again plans to give a huge tax cut to the wealthiest Americans, and the plan that they put forth offers very little to families and middle class Americans and instead sacks them with a huge deficit, a deficit that risks the future of Social Security and Medicare and means likely future interest rate increases.

I know I sound like doomsday today, but frankly for 2 years we have seen the Republican economic policies in effect, and I think it is only fair to say they have been a failure. The economy has gotten worse. More jobs have been lost. The debt continues to pile up. So there is no reason to believe that these continued economic policies that are basically in the form of tax cuts are going to do anything more than continue the economic downturn.

Democrats, on the other hand, have proposed what I consider a true economic stimulus plan that is fair, fast acting and fiscally responsible. Again what we are essentially doing is putting more money in people's pockets, and we are giving money back to the States so they can spend the money on infrastructure, health care, education, and other needs. It would mean that more jobs would be created because there would be transportation projects and infrastructure projects in general that would need new people to go on the job.

Also, we say that we want to provide an extension of unemployment benefits to millions of Americans still looking for jobs and tax relief to small businesses to invest in new equipment. We would target tax relief for small businesses, assuming that they turn it around and they spend it for new means of production, new opportunities, new jobs.

Most important, we would provide assistance to cash-strapped States and municipalities which right now because of the fact that they are contracting their spending are also, I think, contributing to the economic downturn.

I know that many of my colleagues on the Democratic side have talked about and contrasted what the Republicans would like to do and what we would like to do on the economy, and we will continue to talk about that this week as we move forward with this Republican proposal that is supposed to come up for a vote on Friday.

But I would just say to anyone who says why would I believe the Democratic proposal is better, I would say look at what has happened over the last 2 years under the President and the Republican proposal. It has not worked. I frankly do not think we can go on another 2 years with the same failed economic policies. It is time to do something different, and we should be looking at some of the Democratic alternatives instead of just saying we are going to continue with the Republican tax cut.

#### ENCOURAGING INDIA-PAKISTAN TALKS

Madam Speaker, I did want to change the subject for just another 5 minutes tonight before I end this Special Order, and go to another topic which relates to foreign affairs because I do think that what we have been witnessing the last few days, particularly over the weekend with regard to the potential for bilateral talks between India and Pakistan, is a very optimistic development in an area of the world which has a great potential for future war.

Anything the United States can do to encourage negotiations, talks, between India and Pakistan I think are very important, and this is an opportune time for the Bush administration and the Congress to urge support for those kinds of negotiations and eventual peaceful settlement.

Madam Speaker, I was encouraged over the last week by Indian Prime Minister Vajpayee's leadership in seeking peace with Pakistan. Vajpayee's efforts to reinstate full Indo-Pakistani diplomatic relations and to restore cross-border transportation between the two countries exemplifies his willingness and commitment to finding a permanent peace settlement within South Asia.

I would like to express my praise for the Prime Minister's recent brave steps, given the incessant cross-border terrorism in Kashmir. In the past, India was insistent that an end to cross-border terrorism had to occur prior to any renewal of talks between India and Pakistan. Unfortunately, any efforts by President Musharraf of Pakistan to curb terrorism in Kashmir have been superficial and Pakistani militant violence in Kashmir has continued to no end.

I would urge President Bush and Secretary of State Powell to pressure Musharraf to end the cross-border terrorism into Kashmir and India in general. I would also like to note, even as we have had these murders take place by terrorists in Kashmir, this has been aggravated by the fact that the Taliban continue to find safe refuge in many of the border towns of Pakistan near Afghanistan. The U.S. worked so hard to remove the Taliban from power in Afghanistan, and to learn that Taliban members continue to receive moral and financial support from parties within the Pakistani government, including the Pakistani military, is by far the greatest hypocrisy.

Again, the Bush administration must do more to pressure President Musharraf to end support within Pakistan for the Taliban.

Madam Speaker, I also wanted to say that I am very encouraged by the fact that Deputy Secretary of State Richard Armitage is visiting both Prime Minister Vajpayee and Prime Minister of Pakistan Jamali, and I know he is going to recognize the recent positive developments from both sides. Again, the United States must do whatever it can to encourage negotiations between India and Pakistan that would lead to long-term peace in South Asia.

Madam Speaker, Congress also can play a role in encouraging the peaceful settlement of disputes between India and Pakistan.

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I have at least two proposals that I would like to mention in that regard. First with bilateral dialogue already resuming, the Congress should provide funding for projects that cross the two countries' borders. This could be done as an effort to provide confidence-building measures for the future stability of this region. For example, we could include infrastructure projects, such as roads, railroads or water projects that cross the borders between Pakistan and India. Second, Madam Speaker, if negotiations lead to a settlement that is agreed upon by both India and Pakistan, the Congress should provide funding in the form of a peace dividend that could bring the two countries together and all of South Asia together as one economic union.

Madam Speaker, the peace dividend could take the form of economic development projects that tie the two countries together for trade and other business purposes. I think the United States itself would also benefit from increased trade with all of South Asia.

So, Madam Speaker, I just wanted to say in conclusion, I look forward to successful dialogue between India and Pakistan and ultimately peace in South Asia. Again, I think that the President, the administration and Congress must together encourage negotiations and not lose what in effect is a golden opportunity, not let this pass by because we might not see another opportunity like this where these two nations, both of which have nuclear weapons, seem to be willing to move forward toward peaceful negotiations. Let us not let the opportunity slip by. Let us do whatever we can to encourage the two countries to get together and ultimately bring peace to the South Asian area.

#### ILLEGAL IMMIGRATION

The SPEAKER pro tempore (Ms. GINNY BROWN-WAITE of Florida). Under the Speaker's announced policy of January 7, 2003, the gentleman from Colorado (Mr. TANCREDI) is recognized for 60 minutes as the designee of the majority leader.

Mr. TANCREDI. Madam Speaker, I rise tonight to bring to the attention of the body an addition to the list of homeland heroes that we periodically bring forward to focus a little attention on because these folks face an incredible task. They have been waging a battle on their own property and their open land for quite a number of years now. I simply believe that it is deserving of our attention.

Tonight I want to talk about Larry and Toni Vance. These are homeland heroes residing near Douglas, Arizona. Larry Vance lives only one mile from the Arizona border and three miles